

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6265
BILL NUMBER: HB 1206

NOTE PREPARED: Dec 10, 2008
BILL AMENDED:

SUBJECT: Hospitals.

FIRST AUTHOR: Rep. Brown C
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that it is an incurable deceptive act for a facility that offers health care services to use the term "hospital" in the facility's name or advertising unless the facility is an emergency medical service facility. The bill provides that a licensed hospital must contain an emergency medical service facility. It provides an exemption from the emergency medical service requirement for hospitals that provide only long-term care services.

Effective Date: July 1, 2009.

Explanation of State Expenditures: This bill would not apply to federal facilities, state-operated facilities, private psychiatric hospitals, or hospitals that offer only long-term care services. State-operated facilities and psychiatric hospitals are licensed by FSSA, and the bill specifically excludes long-term care hospital facilities. The bill contains two different provisions that would affect licensed facilities. The first provision prohibits licensed hospitals from using the term "hospital" in the name if the facility does not have an emergency medical service facility. Doing so would expose the facility to civil penalties for incurable deceptive acts. The second provision would prohibit any hospital that does not have an emergency medical service facility from obtaining licensure as a hospital.

Incurable Deceptive Act, Attorney General: First, the bill provides that it is an incurable deceptive act to use the term "hospital" unless the facility offers emergency medical services facilities. Costs for the Office of the Attorney General could increase to bring actions for deceptive and incurable deceptive acts. The Attorney General may bring actions to enjoin a deceptive act and, for an incurable deceptive act, may bring an action with a civil penalty of not more than \$500 per violation. The funds and resources required above could be supplied through a variety of sources, including collecting from an offender the costs of investigation and

bringing an action.

Prohibition from Hospital Licensure: The bill requires a licensed hospital to contain an emergency service facility. This provision would eliminate the ability of the State Department of Health (ISDH) to continue to license acute care hospital facilities that do not operate an emergency medical service. ISDH would be required to revise existing hospital licensure rules; an action that could be accomplished within the existing level of resources available to the agency.

The bill is not clear as to whether the ISDH would have to revoke existing licenses or if the facilities would be allowed to continue to operate until their annual license expires, at which time the facility would be required to comply with the requirement to operate an emergency medical service, convert to a different licensure category such as an outpatient ambulatory surgical facility, or close. The impact of a hospital license revocation would depend on individual circumstances. The revocation process is administrative in nature and could potentially require additional resources for the ISDH. The impact of one or more hospital closures or conversions would also depend on unique circumstances and could potentially require additional resources for the ISDH.

The State Health Commissioner may issue a letter of correction, issue a probationary license, conduct a resurvey, deny renewal of a license, revoke a license, or impose a civil penalty not to exceed \$10,000 for violation of the provisions concerning hospital licensing. Civil penalties are deposited in the state General Fund.

Explanation of State Revenues: *Incurable Deceptive Act, Civil Penalty:* The Attorney General may bring an action on behalf of the state for an incurable deceptive act carrying a civil penalty not more than \$500 per violation. Civil penalties are deposited in the state General Fund.

Incurable Deceptive Act, Court Fee Revenue: In addition to the Attorney General bringing an action, a consumer harmed by the act may bring an action. Also, although the Attorney General does not have to pay court costs, a defendant found guilty could be ordered to pay court fees. If additional civil actions occur and court fees are collected, revenue to the state General Fund may increase. A civil costs fee of \$100 would be assessed when a civil case is filed, 70% of which would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court. In addition, some or all of the document storage fee (\$2), automated record keeping fee (\$7), judicial salaries fee (\$18), public defense administration fee (\$3), court administration fee (\$5), and the judicial insurance adjustment fee (\$1) are deposited into the state General Fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

Hospital License Fees: The ISDH charges an annual hospital licensing fee on the basis of the total operating expense as reported in the most recently filed hospital fiscal report. Fees range from \$1,000 to \$5,000 per year. If this bill would eliminate hospitals from licensure, fee revenue to the General Fund could be decreased if the facilities close.

Explanation of Local Expenditures:

Explanation of Local Revenues: *Incurable Deceptive Act, Court Fee Revenue:* If additional civil actions occur, local governments would receive revenue from the following sources. The county general fund would receive 27% of the \$100 costs fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive

3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

State Agencies Affected: ISDH, Attorney General

Local Agencies Affected: Trial courts, city and town courts.

Information Sources:

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